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8 IN THE UNITED STATES DISTRICT COURT
9 FOR THE NORTHERN DISTRICT OF CALIFORNIA
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11 KARL STORZ ENDOSCOPY-AMERICA,
12 INC,

No. C09-355 VRW

13 Plaintiff,

ORDER

14 v.

15 STRYKER CORPORATION AND STRYKER
16 COMMUNICATIONS, INC,

Defendants.

17 _____/
18 By letter briefs dated November 12, 2009 and November 23,
19 2009, the parties raise a discovery dispute over certain documents
20 listed on Mr Laux's privilege log. Having considered the parties'
21 written submissions, including the joint letter brief dated January
22 19, 2010, the Court DENIES WITHOUT PREJUDICE Stryker's request for
23 an order to compel KSEA to produce the Laux documents.

24 I

25 The parties dispute whether Stryker's motion to compel is
26 raised properly before this court. Mr Laux, a non-party, resides
27 and was subpoenaed in the Northern District of Florida. Seeking to
28 compel KSEA to produce the Laux documents pursuant to Rule 34 of the

1 Federal Rules of Civil Procedure, Stryker contends that KSEA has
2 control over the Laux documents concerning the '688 patent. For
3 purposes of Rule 34, "control" is defined as "the legal right to
4 obtain documents upon demand" or "control over the entity who is in
5 possession of the document." In re Citric Acid Litigation, 191 F3d
6 1090, 1107 (9th Cir 1999); Soto v City of Concord, 162 FRD 603, 619
7 (ND Cal 1995).

8 The party seeking production of documents bears the burden
9 of proving that the opposing party has "control" over the requested
10 documents. United States v International Union of Petroleum &
11 Industrial Workers, 870 F2d 1450, 1452 (9th Cir 1989). Stryker has
12 submitted evidence showing that Mr Laux, a co-inventor of the '688
13 patent, assigned his interest in the invention to Bauer Labs, which
14 in turn transferred the '688 patent to Karl Storz, the parent
15 company of KSEA. Stryker Letter Brief (Doc #107) Exs D and E. In
16 the purchase agreement with Karl Storz (therein referred to as
17 "KST"), Bauer Labs agreed to "assist KST, take such action as KST
18 requires, in order to obtain, correct, modify or enforce the Patent
19 Rights and Trademarks granted to KST." Doc #107 Ex E ¶ 3.4.
20 Stryker further contends, and KSEA does not dispute, that Karl Storz
21 assigned the '688 patent to KSEA in 2007. Doc #107 at 3. Stryker
22 has demonstrated adequately that KSEA has control over the Laux
23 documents related to the '688 patent. To the extent that KSEA
24 contends that it cannot produce the relevant, non-privileged Laux
25 documents on the ground that it does not have control over them,
26 counsel for KSEA must sign and serve an affidavit explaining the
27 inability to obtain the documents and attesting to those facts.

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1 KSEA contends that even if it had "control" over the
2 documents in Mr Laux's possession, Stryker must move for an order to
3 compel pursuant to Rule 45 in the court which issued the subpoena,
4 namely the Northern District of Florida, for adjudication of Mr
5 Laux's claim that the documents are protected by the attorney-client
6 privilege. In the context of the documents relating to the '688
7 patent, however, Stryker has demonstrated that Mr Laux assigned to
8 Bauer Labs "the entire right, title and interest" in the invention
9 that was issued the '688 patent. Doc #107 Ex D at 4. Subsequently,
10 Karl Storz acquired Bauer Labs' "entire right, title, claim and
11 interest in" the '688 patent. Doc #107 Ex E ¶ 3.1. Based on these
12 transfers of rights and interests in the '688 patent, and Stryker's
13 unrefuted contention that Karl Storz assigned the '688 patent to
14 KSEA, KSEA has the right to assert Mr Laux and Bauer Labs' attorney-
15 client privilege in the documents relating to the '688 patent. See
16 City of Rialto v US Dept of Defense, 492 F Supp 2d 1193, 1201 (CD
17 Cal 2007) (holding that former corporation's attorney-client
18 privilege transferred to the successor of the sole shareholder that
19 acquired "substantially all" of dissolved corporation's assets).
20 The court determines that it has jurisdiction pursuant to Rule
21 37(a)(2) to resolve the dispute over the Laux documents that are
22 subject to the claim of attorney-client privilege, as asserted here
23 by KSEA. See Knoll Pharmaceuticals v Teva Pharmaceuticals, 2004 WL
24 2966964 (ND Ill 2004) (jurisdiction to compel production of nonparty
25 documents proper where licensing agreement with nonparty gave
26 plaintiffs the legal right to obtain the documents). Because KSEA
27 has control of the documents and can assert the attorney-client
28 privilege here, Stryker need not file a motion to compel in the

1 district where the Rule 45 subpoena was issued. Cf Accenture Global
2 Services GmbH v Guidewire Software, 2009 WL 2253577 (D Del 2009)
3 (because work product protection belonged to nonparty attorney, not
4 his client, court did not have jurisdiction to compel nonparty
5 attorney who resided outside the district).

6 II

7 The parties further dispute whether the Laux documents are
8 properly withheld as privileged attorney-client communications.
9 Because the documents relate to an invention considered for and
10 granted patent protection, Federal Circuit law governs the issue of
11 whether the particular materials are discoverable. In re Spalding
12 Sports Worldwide, 203 F3d 800, 803 (Fed Cir 2000).

13 “‘The attorney-client privilege protects the
14 confidentiality of communications between attorney and client made
15 for the purpose of obtaining legal advice.’ [Genentech v Int’l
16 Trade Comm, 122 F3d 1409, 1415 (Fed Cir 1997).] We recognize the
17 privilege in order to promote full and frank communication between a
18 client and his attorney so that the client can make well-informed
19 legal decisions and conform his activities to the law.” In re
20 EchoStar Communications Corp, 448 F3d 1294, 1300-01 (Fed Cir 2006)
21 (citing Upjohn v United States, 449 US 383, 389 (1981)).

22 In Spalding, the Federal Circuit held that “an invention
23 record constitutes a privileged communication, as long as it is
24 provided to an attorney ‘for the purpose of securing primarily legal
25 opinion, or legal services, or assistance in a legal proceeding.’”
26 203 F3d at 805 (quoting Knogo v United States, 213 USPQ 936, 940 (Ct
27 Cl 1980)). Spalding held that documents in an invention record that
28 were submitted by the inventors to an attorney need not be dissected

1 to evaluate whether each component asked for legal advice, so long
2 as "the overall tenor of the document indicates that it is a request
3 for legal advice or services." Id at 806. Spalding further held
4 that a document need not "expressly request confidential legal
5 assistance when that request is implied." Id. Spalding dispelled
6 the view then held by many courts that purely technical information
7 communicated to an attorney was not privileged, and held that
8 inclusion of technical information did not render the document
9 discoverable. The court reasoned that "an attorney cannot evaluate
10 patentability or prepare a competent patent application without
11 knowing the prior art and obtaining the relevant technical
12 information from the inventors." Id at 806 and n3.

13 The draft patent application materials described in the
14 November 23, 2009 Laux privilege log are the types of documents that
15 are protected by attorney-client privilege under Spalding. KSEA has
16 not, however, met its burden to show that the documents were
17 communicated between a client and an attorney for the purpose of
18 obtaining legal advice.


19 At deposition, Mr Laux testified that he did not recall
20 any verbal or written communications with the patent attorneys who
21 prosecuted the '688 patent, raising the inference that the documents
22 at issue were not communicated to an attorney. Doc #107 Ex B at
23 64:24-65:14. KSEA has not proffered any competing evidence to
24 establish that the Laux documents were communicated to an attorney,
25 or otherwise reflected communications with an attorney. The
26 statements in the Laux privilege log are not sufficient to establish
27 that these documents were actually communicated to the patent
28 attorneys. To meet its burden of proving that the attorney-client

1 privilege applies to the documents, KSEA must supply an affidavit
2 describing the confidential nature of the documents, particularly
3 whether they reflect communications with an attorney. In re Grand
4 Jury Investigation, 974 F2d 1068, 1070-71 (9th Cir 1992). See also
5 Softview Computer Products Corp v Haworth, 2000 WL 351411 at *5 (SD
6 NY 2000) (affidavit of counsel supplementing the document
7 descriptions in the privilege log and setting forth specific facts
8 surrounding the creation of documents was sufficient to meet the
9 requirements of Rule 26(b)(5)).

10 Furthermore, document number 14 on the Laux privilege log
11 refers to a memorandum from D Laux to R Taylor, but R Taylor has not
12 been identified as an attorney. KSEA must clarify the basis for
13 asserting that this document is a privileged attorney-client
14 communication.

15 KSEA must serve and file a supplemental affidavit, under
16 penalty of perjury, within ten days of the date of this order. If
17 KSEA fails to do so, Stryker may renew the motion by a one-page
18 letter brief to the court. No further briefing on the motion to
19 compel will be permitted. At this juncture, the motion to compel is
20 DENIED WITHOUT PREJUDICE. Doc #107.

21
22 IT IS SO ORDERED.

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25 _____
26 VAUGHN R WALKER
27 United States District Chief Judge
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